



GOVERNOR'S OFFICE OF
BUDGET AND PROGRAM PLANNING

Fiscal Note 2017 Biennium

Bill #	HB0604	Title:	Create a pilot program to maintain and repair shared-use trails
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Primary Sponsor:	Greef, Edward	Status:	As Introduced
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| <input checked="" type="checkbox"/> Significant Local Gov Impact | <input type="checkbox"/> Needs to be included in HB 2 | <input checked="" type="checkbox"/> Technical Concerns |
| <input type="checkbox"/> Included in the Executive Budget | <input checked="" type="checkbox"/> Significant Long-Term Impacts | <input type="checkbox"/> Dedicated Revenue Form Attached |

FISCAL SUMMARY

	<u>FY 2016 Difference</u>	<u>FY 2017 Difference</u>	<u>FY 2018 Difference</u>	<u>FY 2019 Difference</u>
Expenditures:				
General Fund	\$0	\$0	\$0	\$0
State Special Revenue	\$1,342,186	\$1,357,755	\$1,407,177	\$1,446,437
Revenue:				
General Fund	\$0	\$0	\$0	\$0
State Special Revenue	\$1,342,186	\$1,357,755	\$1,407,177	\$1,446,437
Net Impact-General Fund Balance:	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

Description of fiscal impact: HB 604 creates a temporary pilot project for the maintenance and repair of multi-use trails. The bill establishes a \$2.00 fee on light vehicles, giving the vehicle owner the option to opt out, and creates a statutory appropriation. The bill requires 20% of the revenue be spent on contracted shared-use trail user safety education. The Montana Department of Justice (MDOJ) is provided \$90,000 in FY 2016 to reprogram the Montana Enhanced Registration and Licensing System to accommodate the fee. As written, HB 604 states that the Montana Department of Transportation (MDOT) is responsible for the maintenance and repair of all shared used trails. MDOT is to compile an inventory of shared-use trails located in the right-of-way of federal-aid highway, develop a plan for maintain shared use trails, and develop construction and maintenance standard for such trails. The bill further defines shared use trails as trails or paths within MDOT's right-of-way and within an independent right- of-way.

FISCAL ANALYSIS

Assumptions:

Department of Transportation (MDOT)

1. The MDOT Maintenance Division would administer the funds and could accomplish the administration of this program with existing resources.
2. The Maintenance Division would administer any contracts with the cities, counties, or private contractors.

Fiscal Note Request – As Introduced*(continued)*

3. The Maintenance Division would have to develop a process to administer and distribute the funds to the districts according to HB 604.
4. The published three year average of vehicles registered is 1,013,374. Using the fees collected by the Department of Fish, Wildlife and Parks (FWP) for state park fees on license plates, about 66.2 % of the vehicles registered pay the \$6.00 fee for the state park support. With this new fee of \$2.00, MDOT assumes that 66.2% of vehicles registered (628,516) will pay the trail maintenance fee. This would result in total revenue collected of \$1,342,186 in FY 2016.
5. Revenue from this fee is increased at the same percentage as overall motor vehicle taxes in HJR 2; 1.16% in FY 2017, 3.64% in FY 2018, and 2.79% in FY 2019.
6. HB 604 requires that \$90,000 go to the Montana Department of Justice (MDOJ) to reprogram the department's software in FY 2016. Of the remainder, 20% is allocated for education with the rest allocated to transportation districts. Ten percent of the amount distributed to the districts is to be used for maintenance and repair of nonfederal-aid trails.
7. Currently, MDOT has approximately 184 miles of paths on the right-of-way of state maintained highways. Of those 184 miles, MDOT maintains about 58 miles while the counties and cities maintain the remaining 126 miles (note that the cities and counties have signed agreements with MDOT to maintain these as a condition of their construction).
8. For shared use paths, there are five maintenance activities that typically occur. Snow removal, sweeping, fog and crack sealing—which occur about once every 8 years—and pavement overlays which occur about once every 20 years. MDOT assumes snow removal and sweeping will occur every year, 1/8 of the trails will be fog sealed every year, and 1/20 of the total mileage of the trails will be paved every year. Activities will be prioritized to fit within the constraints of the revenue received.
9. 17-1-508, MCA, requires analysis of the statutory appropriation relative to the guidance in 17-1-508(3), MCA, to be published in the fiscal note. In reviewing and establishing statutory appropriations, the legislature shall consider the following guidelines.

	<u>YES</u>	<u>NO</u>
a. The money is from a continuing, reliable, and estimable source.		X
b. The use of the appropriation or the expenditure occurrence is predictable and reliable.	X	
c. The authority exists elsewhere.		X
d. An alternative appropriation method is available, practical, or effective.	X	
e. It appropriates state general fund money for purposes other than paying for emergency services.		X
f. The money is used for general purposes.		X
g. The legislature wishes to review expenditure and appropriation levels each biennium.	X	
h. An expenditure cap and sunset date are excluded.		X

	<u>FY 2016 Difference</u>	<u>FY 2017 Difference</u>	<u>FY 2018 Difference</u>	<u>FY 2019 Difference</u>
<u>Fiscal Impact:</u>				
<u>Expenditures:</u>				
Op Exp - DOJ	\$90,000	\$0	\$0	\$0
Op Exp - Education	\$250,437	\$271,551	\$281,435	\$289,287
Op Exp - Dist M&R Non Fed Trail	\$100,175	\$108,620	\$112,574	\$115,715
Op Exp - District	\$901,574	\$977,584	\$1,013,168	\$1,041,435
TOTAL Expenditures	\$1,342,186	\$1,357,755	\$1,407,177	\$1,446,437
<u>Funding of Expenditures:</u>				
General Fund (01)	\$0	\$0	\$0	\$0
State Special Revenue (02)	\$1,342,186	\$1,357,755	\$1,407,177	\$1,446,437
TOTAL Funding of Exp.	\$1,342,186	\$1,357,755	\$1,407,177	\$1,446,437
<u>Revenues:</u>				
General Fund (01)	\$0	\$0	\$0	\$0
State Special Revenue (02)	\$1,342,186	\$1,357,755	\$1,407,177	\$1,446,437
TOTAL Revenues	\$1,342,186	\$1,357,755	\$1,407,177	\$1,446,437
<u>Net Impact to Fund Balance (Revenue minus Funding of Expenditures):</u>				
General Fund (01)	\$0	\$0	\$0	\$0
State Special Revenue (02)	\$0	\$0	\$0	\$0

Effect on County or Other Local Revenues or Expenditures:

1. Counties/cities would receive funds as available to repair & maintain trails.
2. Section 2, 4(b) - MDOT has existing maintenance agreements with local governments. Likely implementation of this would include MDOT providing reimbursement to these local entities for the continued maintenance of the facilities covered by these agreements, not just the new construction or extension as described in this section.

Long-Term Impacts:

1. Section's 7 and 9 would become law effective July 1, 2021. The definition of shared use path would also remain law. Under section 9, the maintenance, repair of shared use trails would be law and this could mean MDOT is responsible for the maintenance and repair of all shared use trails. This would be a substantial long term financial impact to MDOT.
2. The bill will result in continued expansion of these trails without a guaranteed similar increase in revenue collections. If the facility needs outpace the resources available for repair and maintenance, the long-term result could be more miles of infrastructure in disrepair and needing other sources of funds.

Technical Notes:**Department of Justice (DOJ)**

1. This bill necessitates the addition of 2 lines explaining the opt-out option for the shared trail use fee on the light motor vehicle registration form. The additional lines require MDOJ to roll out a larger registration form because there is no available space on the current format of the form. Section 12 of the bill prohibits the expansion of the form.

2. The HB 604 implementation date does not allow enough time for re-programming the Montana Enhanced Registration and Licensing Network (Merlin), online Web registrations, and the renewal card. It is estimated that one year will be needed to reprogram Merlin and implement vendor programming changes depending on the number of bills passed.

Department of Transportation (MDOT)

3. It would be more appropriate for the funds to be administered through the MDOT rather than the Transportation Commission since this activity would be outside their defined duties.
4. Section 5 page 4 defines a shared-use trail as a physically separated trail. This definition is unclear and may be problematic. There are trails in the state that are not separated by a barrier or a space and this would exclude those trails, additionally the term independent right of way seems to mean any shared use trail in the state and section 8 and section 9 state that the duties of the department include maintenance and repair of any shared use paths. If this is the intent of the bill, this would be a substantial impact to the department both during and after the pilot program.
5. Page 6 section 8 repeats new section 1 2(a) that the department will compile an inventory and establish costs to maintain these shared use path.
6. Page 7 Section 9 2(a) is a repeat of the new section one and when section one sunsets this would still be law. This potentially has a long term impact.
7. New Section 15 terminates section 10 on June 30, 2021. Termination of section 10 would have substantial impacts on the State of Montana if that were to mean the entire section was terminated
8. The definition in Section 5 coupled with the department duties described Section 8 appears to exceed MDOT's jurisdictional authority - requiring MDOT to perform these actions on all shared use trails located in independent right of way. MDOT may or may not have legal rights to access and modify these independent rights of way.
9. Section 8: Provision (1) requires the department to maintain and repair shared use paths while provision 2(b) requires the department to develop an inventory and plan for maintaining and repairing shared use paths in federal-aid right of way. The department would not know if there are shared use paths not in the federal-aid right of way that need repair or maintenance. This would affect how the department would know how or where to direct the 10% set-aside described in Section 2 Provision 3.
10. The bill requires MDOT to collect additional data generally described as “other information relevant to the use...of the shared-use trails.” It’s unclear what this other information may include.
11. Section 8 - “Duties of the department of transportation” (1) expands MDOT’s responsibility for the maintenance, repair, and establishment of shared use trails to include all trails as defined in Section 5. This vastly expands the scope of MDOT’s responsibility, and exceeds MDOT’s jurisdiction. The additional cost associated with this provision is unknown, but expected to be significant.

Sponsor’s Initials

Date

Budget Director’s Initials

Date